

Message Text

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PAGE 01 COLOMB 01739 261320Z

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ACTION AID-59

INFO OCT-01 NEA-14 ISO-00 EB-11 IGA-02 SSO-00 DRC-01 RSC-01

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O R 261248Z JUN 74

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC IMMEDIATE 1183

INFO AMEMBASSY NEW DELHI

LIMITED OFFICIAL USE COLOMBO 1739

E.O. 11652 N/A

TAGS:

EAID, CE

SUBJ: MOV NEGOTIATIONS

NEW DELHI FOR O'DONNELL (AID)

REF: (A) STATE 136598; (B) STATE 69621; (C) STATE 58245;

(D) COLOMBO 1692; (E) STATE 136881

1. WE HAVE SEVERAL SUBSTANTIVE QUESTIONS ON PROPOSED LETTER OF AGREEMENT AND HAVE THEREFORE ASKED GSL FOR POSTPONEMENT OF MEETING WITH FINANCE MINISTER BY ONE DAY. SESSION NOW SCHEDULED 12 NOON FRIDAY, JUNE 28. WE MUST HAVE REPLY OR COMMENTS ON FOLLOWING BY OPENING OF BUSINESS COLOMBO TIME THURSDAY, JUNE 27.

2. ARREARAGE AMOUNTS DUE:

A. WE ARE UNABLE RECONCILE OUR FIGURE OF \$76,615.78 FOR FIRST ARREARAGE PAYMENT JULY 1, 1974 WITH DEPARTMENT'S FIGURE OF \$123,259.57. USING DATA IN REF. B (BASED PARTLY ON PARAGRAPH 3A REF. C), MISSION CONCLUDES THAT SUMMARY COLUMN IN REF. B HEADED "ARREARAGE:/ SUSPENDED PAYMENTS 10/70/10/72" ACTUALLY INCLUDES INTEREST ON SUSPENDED PAYMENTS TO JULY 1, 1974, WHICH IS BASIS ON WHICH CURRENT NEGOTIATION IS PROCEEDING. THESE AMOUNTS DIVIDED BY NINE PAYMENTS EQUAL REF. D FIGURES CONCURRED IN BY CENTRAL BANK. DIVIDED BY

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EIGHT, PAYMENTS WOJLD BE: ICAX-1, \$33,628.80; ICAX-2,

\$38,800.37; DLF-9, \$13,765.55, FOR TOTAL OF \$86,194.72.

PLEASE FURNISH DETAILED FIGURES AND FULLEST POSSIBLE
EXPLANATION OF BASIS FOR REF. A CALCULATIONS.

B. DEPARTMENT HAS NOT INCLUDED DLF-8 (A-003) IN PROPOSED
LETTER OF AGREEMENT AND WE DO NOT INTEND RAISE MATTER OF ARREARAGES
ON THAT LOAN SINCE IT HAS BEEN REPAID. AMBASSADOR WILL, HOWEVER,
POINT TO FACT OF OUR FORGIVING SUPPLEMENTAL PAYMENTS AS
FURTHER GENEROUS CONCESSION ON U.S. PART.

3. TERMS OF LETTER OF AGREEMENT:

A. RE NUMBER OF ARREARAGE PAYMENTS (PARAGRAPH
(2)(B)(2) OF DRAFT LETTER), COOREY REQUESTS NINE PAYMENTS FOR
EACH RESPECTIVE LOAN, FALLING DUE ON REGULAR PAYMENT DATES IN
EXISTING AMORTIZATION SCHEDULE, EXCEPT THAT FINAL ARREARAGE
PAYMENT ON ICAX-3 AND DLF-4 AND DLF-156 WOULD BE MADE ON
JULY 1, 1978, SO THAT ALL LOAN ARREARAGES WOULD BE PAID
WITHIN FOUR-YEAR REPAYMENT SCHEDULE. PLEASE PROVIDE NEW
LANGUAGE FOR DRAFT.

B. ALSO IN (2)(B)(2) WE SUGGEST ADDITION OF "TOGETHER
WITH INTEREST ON THE DECLINING BALANCE THEREOF" AFTER
"APPROXIMATELY EQUALSEMI-ANNUAL INSTALLMENTS". BEFORE
"IDENTIAL" IN LAST SENTANCE THAT PARAGRAPH, INSERT
"DUE ON DATES".

C. SECOND SENTENCE IN PARAGRAPH (2)(B)(1) OF DRAFT LETTER
RAISES QUESTION CONCERNING INTEREST ON INTEREST PRIOR
TO JANUARY 1, 73. UNDERSTANDING REACHED ORALLY AND
REFLECTED IN COLOMBO 1667 AS EXPLICIT PART OF USG POSITION
WAS THAT INTEREST ON INTEREST WAS OWED USG FROM DATE PAYMENT
OF LOAN INSTALLMENT AND INTEREST ORIGINALLY FELL DUE. REVIEWING
REF. B, IT IS CLEAR THAT INTEREST ON INTEREST PORTION OF
DEFERRED PAYMENTS WAS TO BE WAIVED BEFORE JANUARY 1, 1973 AND
ONLY CHARGED ON PRINCIPKAL. UPON DEPARTMENT'S CONFIRMATION,
AMBASSADOR WILL CITE POINT AS ADDITIONAL CONCESSION TO GSL.

4. WE REITERATE NEED FOR IMMEDIATE RESPONSE ON FOREGOING.
VAN HOLLEN

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Message Attributes

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Disposition Authority: boyleja
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Disposition Event:
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